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Preliminary Report of The Royal Commission of Inquiry

Algoma University College

Commissioner
John W. Whiteside, QC

June 30, 1976

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PRELIMINARY REPORT
OF
THE ROYAL COMMISSION
OF INQUIRY

ALGOMA UNIVERSITY COLLEGE

COMMISSIONER
JOHN W. WHITESIDE, QC

30 JUNE, 1976

Copy of an Order-in-Council approved by
Her Honour the Lieutenant Governor, dated the 10th
day of March, A.D., 1976.

Upon the recommendation of the Honourable
the Attorney General, the Committee of Council
advise that pursuant to the provisions of the Public
Inquiries Act, S.O. 1971, Chapter 49, a Commission
be issued appointing

John W. Whiteside, Q.C.

a Commissioner to inquire into, study and report upon:

- (1) all structural and procedural aspects of the management of Algoma University College bearing upon its effective operation including:
 - (a) the relationship between the Board of Governors of Algoma University College and any and all entities, organizations or elements thereof,
 - (b) the relationship between the Board of Governors of Algoma University College and the Board of Directors of Algoma College Association,
 - (c) the affiliation between and other arrangements existing between Algoma University College and Laurentian University,
 - (d) the means employed in the incorporation of the aforesaid College and Association and the adequacy and propriety thereof.

(2) To make recommendations regarding any actions or alterations which may be deemed appropriate for the implementation of any recommendations arising from (1).

The Committee further advise that the said Commissioner shall have the power pursuant to the provisions of the Public Inquiries Act to summon any person and require any such person to give evidence on oath and produce such documents and things as are deemed requisite for the full investigation of the matters to be examined.

And the Committee further advise that all Government ministries, boards, agencies and committees shall assist, to the fullest extent, the said Commissioner who, in order to carry out his duties and functions, shall have the power and authority to engage such staff, secretarial and otherwise, and technical advisers as he deems proper, at rates of remuneration and reimbursement to be approved by the Management Board of Cabinet.

Certified,

"J.J. Young"

Clerk, Executive Council.

Seal

O.C. 1248/76

Copy of an Order-in-Council approved by
Her Honour the Lieutenant Governor, dated the 5th
day of May, A.D. 1976.

Upon the recommendation of the Honourable
the Attorney General, the Committee advise
that the Order-in-Council numbered OC-616/76, dated
the 10th day of March, 1976, be amended by deleting
the words:

(1) All structural and procedural aspects of
the management of Algoma University College
bearing upon its effective operation
including:

and substituting therefor the following:

(1) All aspects of the management of Algoma
University College bearing upon its effective
operation including:

Certified,

"J.J. Young"

Clerk, Executive Council.

J. J. Young

To Her Honour,

The Lieutenant Governor of Ontario,

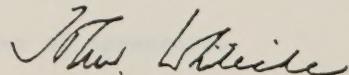
May It Please Your Honour,

I, the undersigned, John W. Whiteside, a Professor in the Faculty of Law of the University of Windsor, appointed Commissioner by Order-in-Council OC 616/76 pursuant to the provisions of the Public Inquiries Act 1971 and approved by Your Honour on the 10th day of March A.D. 1976, as amended by Order-in-Council OC 1248/76 and approved by Your Honour on the 5th day of May 1976, to inquire into, study and report upon:

- 1) All aspects of the management of Algoma University College bearing upon its effective operation including:
 - a) the relationship between the Board of Governors of Algoma University College and any and all entities, organizations or elements thereof,
 - b) the relationship between the Board of Governors of Algoma University College and the Board of Directors of Algoma College Association,
 - c) the affiliation between and other arrangements existing between Algoma University College and Laurentian University,
 - d) the means employed in the incorporation of the aforesaid College and Association and the adequacy and propriety thereof.
- 2) To make recommendations regarding any actions or alterations which may be deemed appropriate for the implementation of any recommendations arising from (1):

Beg to Submit to Your Honour

The Following Preliminary Report.



Sault Ste. Marie, Ontario

Commissioner

30th June, 1976

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1.

INTRODUCTION TO PRELIMINARY REPORT

The independence of universities is a valued tradition in the Province of Ontario. To assure the autonomy of universities, the government, through the Ministry of Colleges and Universities, makes operating funds available to each provincially-supported university on the basis of a complicated formula. The governing body of each university is then expected, within the resources available to it, to undertake and further the objects of the institution without direct government interference or intervention. In addition, each governing body is expected to be responsive to community needs and accountable for its administration of the affairs of the university.

During 1975 and early 1976, conditions at Algoma University College were perceived by certain elements of the community to justify government intervention. Demands were made for such action.

The allegations were sufficiently serious to require acknowledgement that a matter of public concern existed. Accordingly, the Lieutenant Governor-in-Council appointed the Commission of Inquiry on Algoma University College under the provisions of the Public Inquiries Act, Chapter 49, Statutes of Ontario, 1971. In so doing, it sought to ensure a fair, impartial investigation of the allegations which had been made, while avoiding direct interference by the government in the operations of the university.

I have been mindful of these considerations in discharging my duties and have attempted to be faithful to the larger implications involved in undertaking an inquiry into the affairs of a university.

Under the terms of reference set out in Order-in-Council dated March 10, 1976, this Commission was required:

to inquire into, study and report upon:

- 1) all structural and procedural aspects of the management of Algoma University College bearing upon its effective operation including:
 - a) the relationship between the Board of Governors of Algoma University College and any and all entities, organizations or elements thereof,
 - b) the relationship between the Board of Governors of Algoma University College and the Board of Directors of Algoma College Association,
 - c) the affiliation between and other arrangements existing between Algoma University College and Laurentian University,
 - d) the means employed in the incorporation of the aforesaid College and Association and the adequacy and propriety thereof,
- 2) to make recommendations regarding any actions or alterations which may be deemed appropriate for the implementation of any recommendations arising from 1).

After the Commission was appointed, inquiries were made which persuaded me that the said terms of reference should be enlarged. I recommended such action by letter to The Honourable, The Attorney General, dated the 22nd day of April, 1976.

As a consequence, the Terms of Reference were amended by Order-in-Council, dated May 5, 1976, by deleting the words:

- "1) All structural and procedural aspects of the management

of Algoma University College bearing upon its effective operation including:"

and substituting therefore the following:

1) all aspects of the management of Algoma University College bearing upon its effective operation including:.."

The inquiry directed to be undertaken by the Order-in-Council, as amended, required a careful investigation of all aspects of the management of Algoma University College and consideration of its role in Sault Ste. Marie and Algoma District communities.

Rodney Hull, Q.C. was appointed Counsel, Anthony Keller, LL.B., and Catherine Meanwell, LL.B., were appointed Registrar and Assistant Registrar respectively.

Clarkson, Gordon & Co., chartered accountants, were commissioned to prepare a report upon the finances, the academic programmes and other matters relating to the college.

Submissions were invited from persons having substantial and direct interests in the subject matter of the inquiry. Public hearings were held at the Holiday Inn, Sault Ste. Marie, Ontario, on May 7, May 17, 18, 19, 20, 21, 25, 26, 27, 28, and on June 7, 8, 9, 10, 11, 14, 15, 16 and 17.

A large number of organizations and individuals made appearances. They are listed in the appendices attached hereto.

Algoma College Association, its Officers and Directors, and Algoma University College, its Governors and its Principal, Dr. Donald Watkins, were represented by C. Terrence Murphy, Q.C., Counsel.

Procedures were established to ensure that all groups and individuals who were not represented by Counsel, could employ fully the services of the Commission staff. Daily transcripts of evidence were produced and made available for inspection in the office of the Commission, together with all exhibits and submissions.

Events leading to the establishment of the Commission had produced severe tensions within the several elements of the college and in the community at large. In order to achieve an appropriate climate for the reception of evidence, and to permit proper perspectives to be gained, an effort was made, in the conduct of the hearings, to ease tensions and to avoid an adversial relationship developing among the several participants.

Further, in view of the severe dislocation of the finances of the institution and the lack of an appropriate structure for decision-making relative to programmes, appointments and other matters, a number of informal meetings were held by myself, in the presence of members of my staff, with several officials of administration and faculty during which I discussed imminent problems with them. In each case I was courteously received by all persons and they were responsive to suggestions made for the remedy of immediate and critical problems.

I wish to comment upon the cooperation I have received from all elements of the college community while undertaking this inquiry. Each was helpful and cooperative to the fullest degree.

Though the public hearings began in an atmosphere of tension and hostility, I detected a change as they progressed. At

the conclusion I found a fresh sense of realistic awareness on the part of each element for the problems and concerns of others. There seemed to be, in light of the evidence adduced, a recognition of the overriding need for meaningful cooperation between all such elements -- Board, Administration, Faculty, Students and the community at large, if the institution were to overcome its pressing problems and to survive.

This, I believe, augurs well for the future.

REASONS FOR PRELIMINARY REPORT

The nature and scope of the inquiry has necessarily been extremely wide. It has included a review of the history of Algoma University College, the nature of the constituency served by it, the role expected to be played by it, as well as its structure, finances, programmes and resources.

The inquiry has revealed serious flaws in the organization and structure of the college, its finances, and its general and academic administration. Most significantly, it has revealed the heavy negative impact of these problems upon the people involved, including Directors, Governors, Administrators, Faculty and their families. The inquiry demonstrated, beyond doubt, that unless immediate steps are taken to correct these problems and deficiencies, the college will become bankrupt in terms of its finances, the morale of its administration and staff, and its ability to continue as a university and to serve the interests of the community.

My analysis has firmly persuaded me that the seriousness of the condition of the college has fully justified the decision taken by the Lieutenant Governor-in-Council to establish this Commission of Inquiry.

I am also persuaded that I have an obligation to make findings, without delay, concerning certain serious allegations which have been made and which impugn the conduct and the reputations of many persons who have served the college for many years. These allegations, many of which arose out of rumour, speculation and innuendo, were of a serious nature and I was obliged to investigate them fully.

I therefore report, at the outset, that I found no evidence of misconduct, impropriety or bad faith on the part of any person connected with the college. Specifically, I found none of the allegations of misfeasance and nonfeasance referred to in later portions of this report to have been proved.

In order to permit immediate action to be taken, I have considered it obligatory to prepare and submit the following preliminary report and recommendations. The report will be found wanting in terms of literary content and style. I believe, however, that if acted upon without delay, it will provide a basis for restoring the college to a viable condition and avoid the loss of a major investment of time and effort by the Government of Ontario and the Sault Ste. Marie and Algoma communities. Perhaps most importantly, I believe it will avoid, or at least mitigate, the "people" problems that will otherwise be suffered.

SAULT STE. MARIE AND ALGOMA DISTRICT COMMUNITIES

Sault Ste. Marie is a vigorous and dynamic industrial community located at the international boundary on the St. Mary's River.

It is a city of approximately 79,000 persons whose population has doubled during the past twenty years. It is located opposite Sault Ste. Marie, Michigan, which has a population of 30,000.

The city has undertaken many major improvements in recent years, the most notable of which are the civic centre and waterfront development. Sault Ste. Marie is an ambitious and well-developed city. Its economy is centred upon the massive works of Algoma Steel Corporation which employs one-third of the city's labour force of 30,000. Almost forty per cent of the labour force is engaged in manufacturing. Other major industries include Abitibi Paper Co., Dubreuil Brothers Limited, Great Lakes Power Co. Ltd., Soo Mill and Lumber Co. Ltd., Weldwood of Canada Limited, and Weyerhaeuser (Ontario) Limited. Each of these industries reflects the dependence of the economy of the area upon minerals and forest products.

The city, with a large number of hotels, motels, and restaurants, is also developing a reputation as a pleasant convention centre.

Sault Ste. Marie is the gateway to the Algoma District which is one of Canada's great vacation lands. Tourism is a major industry. The District has a relatively static population of approximately 118,000; this includes the major communities within the district, Wawa and Elliot Lake. Iron ore mining is undertaken in the former and the world's largest concentration of uranium ores is to be found in the latter.

Sault Ste. Marie and the Algoma District are somewhat isolated from the remainder of the province. The closest major population centres are Sudbury to the east, and Thunder Bay to the west. Laurentian University is located in the former and Lakehead University in the latter.

As a consequence of this isolation, Sault Ste. Marie has drawn upon its own resources and has developed into a resourceful, self-reliant and vigorous community. It was this spirit which prompted the establishment of Algoma University College. It is well-served by a large number of cultural and social service organizations, service clubs, churches and athletic facilities. It is also served by two hospitals, Plummer Memorial and General Hospital, having a total of 520 beds. The city has a proportionately large professional population of physicians and solicitors. This population is augmented by scientists employed at the several federal and provincial government laboratories and institutions in the city.

There is an abundance of recreational facilities in the City of Sault Ste. Marie including three indoor hockey arenas, beach areas, ski slopes, athletic areas, cinemas and three auditoriums.

Hunting, fishing, boating, camping, snowmobiling and other outdoor activities are readily available to residents of Sault Ste. Marie within the Algoma District and the area has many attractions and advantages which will serve it well in the future.

EDUCATIONAL OPPORTUNITIES

In the City of Sault Ste. Marie the public and separate school systems consist of 72 elementary schools and 9 secondary schools. In the Algoma District there are 8 school boards.

The student population in these combined systems is 37,179, and some 1,895 teachers are employed.

Advanced education is provided by the Sault College of Applied Arts and Technology which offers one to three-year programmes in Applied Arts, Business and Technology. The college has 1,500 full-time students and approximately 2,500 part-time students and a full-time teaching staff of 148. Its facilities are located in Wawa and Elliot Lake as well as in Sault Ste. Marie.

Algoma University College offers degree courses at the pass level in the Humanities, Social Sciences and Natural Sciences.

The area is also served by Lake Superior State College in Sault Ste. Marie, Michigan, a large post-secondary institution having 1,765 students and a full-time faculty of 105. It offers degree programmes in the School of Arts and Social Sciences and the School of Science and Technology. It enjoys a large, well-equipped campus upon which a new athletic complex, comprising an indoor rink, olympic swimming pool, and tennis courts, is being constructed.

The Algoma District appears, from the foregoing, to have a wide range of post-secondary educational facilities, if those at Lake Superior State College are taken into consideration. It seems reasonable to suggest that any expansion or modification of programmes and facilities at Algoma University College ought to be undertaken only after careful consideration is given to those at Lake Superior State College.

ESTABLISHMENT AND INCORPORATION
OF ALGOMA COLLEGE ASSOCIATION

The history of Algoma University College may be traced back to the mid-1950's when concern was expressed for the lack of post-secondary educational facilities in the area. The concern was prompted by the economic and social loss suffered by the community from students leaving the area to continue their education in southern Ontario and the inability of others to continue beyond the secondary school level for economic or other reasons.

A representative coordinating committee was formed by citizens of the community to explore the possibility of establishing a Junior College in Sault Ste. Marie. This committee undertook investigations and in February, 1960, it decided to organize an association to further its objectives.

The unincorporated association, called the Algoma Junior College Association, adopted a constitution providing for broad participation by business, labour, educational and civic leaders in the area.

Records of the association reveal that many of the present members of the Board of Directors of Algoma College Association were active in the formative work. William Hogg was the first Chairman. Messrs. J.T. Stubbs, Ralph Derby, L. Brown and the late Dr. J.M. Cameron figured prominently in the Association's activities.

Efforts were made to enlist community support for the undertaking; intensive studies were begun to determine the feasibility of the project, and conversations were held with officials of the provincial government.

In March, 1962, it was suggested to the Association by the then

Prime Minister and Minister of Education for the Province of Ontario, The Honourable John P. Robarts, to consider the Association's proposals with the Advisory Committee on University Affairs.

The Advisory Committee, in March, 1963, advised the Association that the government of the province had determined that no new degree-conferring institutions would be authorized within the province. It was further informed that, in order to qualify for government assistance, it must become incorporated and obtain affiliation with an established Ontario University.

Contact was then made by the Association with several Ontario universities with a view to affiliation. On September 30, 1964, the President of Laurentian University of Sudbury, Mr. Stanley G. Mullins, informed the Association of his University's decision to take Algoma College into affiliation.

Application was then made by Messrs. R.S. Derby, J.T. Stubbs, L. Brown, D.A. Machum and W.N. Hogg for incorporation under the Ontario Corporations Act. The name Algoma College Association was selected. The following were the corporate objects:

to organize and establish a non-sectarian college in the District of Algoma; to encourage education beyond the secondary school level in the said District of Algoma; and to accept donations, gifts, legacies and bequests.

The legal work was undertaken by Mr. Machum, a member of the legal department of Algoma Steel Corporation. His gratuitous contribution reflected the continuing support given by Algoma Steel to the development of the institution.

Letters Patent, duly incorporating the Association, were granted on the 23rd day of October, 1964. No Supplementary Letters Patent

have been issued to the corporation.

The application for incorporation was subsequently ratified at a meeting of the members of the Association, at which 47 persons were in attendance held on April 5, 1965. At this same meeting, it was reported that the Minister of University Affairs had, on February 1, 1965, approved Algoma College's affiliation to Laurentian University and the offering of university programmes limited to first-year courses in the faculty of Arts and Science.

At a meeting held on October 27, 1964, the then Minister of Education, The Honourable William G. Davis, discussed with representatives of the Association the advisability of its participating in the establishment of an educational complex with the Ontario Vocational Centre at Sault Ste. Marie. The centre was soon to become a part of the system of Colleges of Applied Arts and Technology within the province known as Cambrian and later as Sault College. The Association expressed some reservations concerning the proposal on the grounds that an association with a non-degree conferring institution might impair academic standards and the standing of the college and its students in the university community.

Subsequently by letter dated March 24, 1965, the Minister of Education urged a degree of caution in planning for Algoma College because of developments in post-secondary education. This letter was later called the "flashing amber light letter" by officials of the Association. It was the first of a series of cautions, warnings and injunctions issued to officials of the Association by the government of the province. These clearly reflected a concern that the college was overreaching its capabilities. Events later justified this concern.

The college then proceeded to engage a Principal, Registrar and Librarian. At the meeting held on April 5, 1965, a statement of

Receipts and Disbursements of the Association for the periods February 17, 1960 to March 31, 1965, was presented by the Treasurer, Mr. H.S. McLellan, C.A. It reflected gross receipts of \$2,975.00 against disbursements of \$2,191.59 for a net cash position of \$783.41. Mr. McLellan also presented a statement of the Association's financial position at March 31, 1965. It showed securities in the custody of the Treasurer to the value of \$24,000.00 representing grants made by the Townships of Korah and Tarentorus in the amounts of \$10,000 and \$14,000 respectively. It also showed funds held by the Treasurer of the Corporation of the City of Sault Ste. Marie amounting to \$225,402.86 representing 1962, 1963 and 1964 one-half mill levies plus interest earned to December 31, 1964.

Arrangements were then made for operating grants to be made available to the Association by the Department of University Affairs for the fiscal year July 1, 1965 to June 30, 1966.

The college was launched upon its course. It opened its doors at the Cambrian site in September, 1967.

AFFILIATION WITH LAURENTIAN UNIVERSITY
OF SUDBURY

In accordance with the directive issued by the Department of University Affairs, Algoma College Association, in mid-1964 entered into negotiations with Laurentian University of Sudbury for affiliation.

Discussions took place throughout 1965 and on December 17th of that year a formal agreement was executed.

The agreement provided *inter alia* for the following:

- a) that the university would accept the college as an affiliated institution giving instruction in certain courses prescribed by the Senate of the university leading to a certificate, diploma or degree of the university,
- b) that the university would establish an inspection system to ensure that uniformity of standards was maintained and that the curriculum was being followed and instruction satisfactorily given in accordance with the requirements of the university,
- c) that the university would deliver Baccalaureate degrees and other certificates and diplomas to students of the college who had fulfilled all requirements therefor,
- d) that the university would recognize the principal of the college or his designee as a regular member of the Faculty Council of Arts and Science of the university,
- e) that the university would submit, on behalf of the college, in its annual budget to the Department of University Affairs of Ontario, requests for operating and other grants as requested by the college and would transmit without deductions to the college any funds received from the province of Ontario on its behalf,
- f) that the university would assist the college in recruiting suitable academic and administrative staff members,
- g) that the university would transfer to the college, upon request, responsibility for the operation of the extension program of the university in the Sault Ste. Marie area,

- h) that the college would comply with instructions given by the university with respect to the subjects to be taught and to the way in which they would be taught in the college,
- i) that the college would conduct such examinations as directed by the university,
- j) that the college would pay the expenses of the university incurred in fulfilling its obligations and services under the terms of the affiliation agreement,
- k) that the college would maintain a qualified teaching staff for all subjects being taught, including a reasonable proportion of instructors holding degrees beyond the Baccalaureate level, and a qualified librarian; and further that, in order to maintain a qualified teaching staff, the college would discuss and consult with the university prior to making appointments to the academic staff of the college,
- l) that the college could offer instruction in courses other than those prescribed by the Senate of the university, it being understood and agreed that the university need not recognize or accept such additional courses in partial fulfillment of the requirements for the granting of a certificate, diploma or degree,
- m) that the agreement could be terminated by either of the contracting parties upon notice in writing to the other delivered at least one academic year prior to the date upon which termination is to take effect,

The affiliation agreement was executed by Messrs. L. Brown and H.G. MacAdam on behalf of Algoma College Association.

No amendments or alterations have been made to the agreement.

Although no evidence was adduced indicating serious flaws in the affiliation, proposals for certain amendments will be made in a subsequent report.

THE ORGANIZATION OF THE COLLEGE

The management and control of the Algoma College Association is vested in the Board of Directors of the Corporation. The Board is organized into a series of committees. Its officers include the Chairman, the Vice-Chairman, the Treasurer and the Secretary.

The Principal, Dr. Donald Watkins, is the Chief Executive Officer of the college. He is employed under the terms of an agreement dated February 11, 1975. The agreement is for a term of 5 years. Either party may terminate on the giving of one year's notice to the other.

The other officers of the college include the Registrar, the Business Manager, the Librarian, the Director of Athletics and the Public Relations Officer.

The academic policies of the college are under the supervision of the Academic Council, a body having equal representation from the faculty and the student body and including members of administration. The Academic Council was created by Faculty without formal recognition by the Board of Directors. It has, however, been accorded some recognition by the Directors and other officials of the college and has performed certain duties and functions for a period of several years.

In January, 1974, the Board of Directors of the corporation informally created a Board of Governors of the college and appointed persons to such Board. The management of the affairs of the college, as distinct from those of the corporation, were then delegated to the Board of Governors. Membership in the Board of Governors included faculty, student, Faculty Association and Alumni representation.

This action was repeated by the Board of Directors in January, 1975

and 1976 at its first meeting following the annual meeting of members of the corporation. As a consequence, substantially all the affairs of the college have been managed and supervised by the Board of Governors since January, 1974.

This delegation of authority, though undertaken for the laudable reason of broadening the basis of membership in the governing body of the college, was without legal basis and contrary to the provisions of the Ontario Corporations Act.

Further, the frequent delegation of power from time to time by the Board of Directors to its Executive Committee, was also undertaken contrary to the Statute.

I commented upon these improprieties in the course of the public hearings. One June 4th last, the Board of Directors, in response to my request, disbanded the Board of Governors and its own Executive Committee and resumed its proper duties in relation to administration of the business of the college.

Over the course of years, critical comments were made concerning the organizational structure of the corporation and the college. In response, the Board of Directors in 1973 commissioned a report to be made by Messrs. Peat, Marwick & Partners, management consultants, to undertake a management review. Their report, dated April, 1974, recommended major changes to be made in the organizational structure of the college.

No action was taken upon this report.

The structure and work of Academic Council has also been the subject of criticism by faculty and Board of Governors alike. The nature of the criticism was succinctly stated by Acting Principal Guth in a memorandum dated January 27, 1975, addressed

to the Board of Governors. The following reasons were given by Professor Guth for the inadequacy of the Academic Council:

- "a) it has failed consistently to deal with real, effective and timely academic planning and priorities,
- b) it has become a political forum, wasting much time with academically-irrelevant haranguing,
- c) the spirit of its representative nature is destroyed by having several departments fully represented,
- d) faculty on terminal appointments are involved in making long-range decisions and other decisions regarding which they have at least potential conflict of interest,
- e) student parity has demonstrably not worked,
- f) there is no effective leadership, follow-up of decisions or liaison with departments or with administration,
- g) committees, even if they are constituted, are not required to meet or report in any regular way."

In light of the evidence adduced in the course of the hearings, I adopt the foregoing analysis.

Briefly stated, the evidence adduced at the public hearings clearly indicated the inadequacy of the organizational structure, general and academic, of the college and the corporation.

Such an inadequacy contributed substantially to the breakdown of communications, lack of adequate financial and programme analysis and planning and other problems with which the college has been faced.

The organization, as presently constituted, is wholly incapable of dealing quickly and responsively with the financial, administrative and academic problems which now threaten the continued existence of the college.

(

REVIEW OF COLLEGE OPERATIONS1967 - 1976

Algoma College began its operations in September, 1967 at the site of Cambrian College in Sault Ste. Marie. This institution was later to become known as Sault College of Applied Arts and Technology.

It began under the Principalship of Dr. C.A. Krug. Although a full-time staff of 9 faculty was projected, a massive build-up of faculty members occurred and 21 persons were in fact engaged. The following table indicates the faculty complement:

1967-1968	21 full-time
1970-1971	23 1/3 full-time
1972-1973	38 full-time (2.7 sessional)
1974-1975	27 2/3 full-time (60 sessional)
1975-1976	31 1/3 full-time (48 sessional)

Seventy-seven students were enrolled in the first year. Attached hereto (Appendix F) is a table showing actual enrolment in the years 1967-1968 to 1975-1976 together with projections for the years 1976-1977 to 1980-1981.

Also attached (Appendix G) is a table indicating projected enrolments upon which original financing requirements and feasibility studies were based. The significant short-fall in expectations will be noted.

In 1968 Dr. Krug resigned as Principal and was replaced by Dr. Ian Brown who assumed the post as Acting Principal.

The college continued to share facilities with Sault College (formerly Cambrian College) until 1971 when, after numerous meetings with officials of the Department of University Affairs and others the decision was taken to depart the Sault campus. Shingwauk Hall, a residence for Indian boys constructed and owned by the Incorporated Synod of the Diocese of Algoma of the Anglican Church of Canada,

was leased for this purpose. The term of the lease was 10 years. It contained an option to renew for 5 years. Suitable renovations were made to the Shingwauk site and funded through a loan made by the Ontario Universities Capital Aid Corporation. The transfer was made in the summer of 1971.

When the college opened, its curriculum was restricted to first year offerings but shortly thereafter, in 1968, strong pressure was exerted by the college community to be permitted to expand to offer second and third years of the General Arts programme. In 1971 the Committee on University Affairs acceded to this request and second year was begun in 1971 and the third begun in 1972. No Science programmes were approved for financing by the Ministry, although some were offered.

In 1973 Dr. Brown was succeeded as Acting Principal by Professor Francis Guth. Professor Guth served in such capacity until June of 1975 when he in turn was succeeded by Dr. Donald Watkins as Principal.

In 1972 a decision was made to construct a separate library building at the Shingwauk site even though the college enjoyed only a leasehold interest in the land. The building was completed in 1973 for the price of \$316,000. Although this project was undertaken without the prior approval of the Ministry of Colleges and Universities a loan was subsequently authorized by the Ontario Universities Capital Aid Corporation in the amount of \$301,900 to offset substantially the entire cost of construction.

In 1974 the college entered into negotiations with the Incorporated Synod for the purchase of the Shingwauk Hall site. Application was made to the Ministry for funding. Appraisals were obtained by both vendor and purchaser. The price of \$600,000 was agreed upon and the transaction was completed in May, 1975. The provincial government made an outright grant of \$500,000 on account of the purchase price. The grant was stated by the Minister of Colleges

and Universities to be conditional upon the college reimbursing the government from the proceeds of any sale of property located on the Fourth Line in Sault Ste. Marie previously purchased by the Association from funds donated by the city to the college.

The final item of major interest to be noted in this brief history of the college's activities relates to the establishment of the Interdisciplinary Science programme in the academic year 1975-1976. This programme was begun with high expectations. Unfortunately, enrolment projections were not met and, as will be indicated later in this report, the Board of Directors of the Association on June 4th last voted to suspend financing. The decision to terminate the program was impliedly concurred in by representatives of the faculty on June 16th last.

ENROLMENTS AND FINANCES

Significant shortfalls in projected enrolments for Algoma University College are noteworthy. They have vitally affected finances, program planning and have contributed to the adoption of certain academic practices which have produced major anomalies. These anomalies have produced tension and even bitterness.

The following projections were made in July, 1971 and subsequently amended on the dates indicated:

	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>
July, 1971	380	628	701	781			
Dec., 1971		439	465	510	567	622	
Dec., 1972				320	342	370	390
Dec., 1974					265	295	325

The following data show the actual results:

	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>	<u>1975-76</u>
	329	275	257	217	220

The impact of these shortfalls upon finances is dramatically illustrated by the following figures indicating the Net Operating Income (and Losses) since establishment of the college:

June 30, 1967	(\$8,000)
June 30, 1968	(\$33,000)
June 30, 1969	\$175,000
June 30, 1970	\$247,000
June 30, 1971	\$226,000
10 months Apr. 31, 1972	\$48,000
Apr. 31, 1973	(\$20,000)
Apr. 30, 1974	(\$174,000)
Apr. 30, 1975	(\$77,000)
Apr. 30, 1976	(\$162,000)
projected Apr. 30, 1977	(\$219,000)

At this point it is important to note that on December 4, 1972 Dr. Brown, in his capacity as Acting Principal, issued a memorandum

to the Budget Committee, Academic Council and the Finance Committee, Board of Governors. In it he said the following:

"....it must now be evident to everyone concerned that unless extreme caution is exercised, the college will face a grave financial situation next year, so grave that its continued existence in its present form may be brought into question."

He then noted a major decline in the rate of enrolment over a three-year period as follows:

	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
First year full-time	227	202	158
Second year full-time	0	127	75
Third year full-time	0	0	63
Summer School - students	559	525	512
- courses	802	724	704
Winter part-time - students	950	849	716
- courses	1,272	1,072	926

Dr. Brown concluded that, under the provincial system of formula financing, the college had lost financial viability as a three-year institution.

He then said the following:

"We cannot risk a major operating deficit two years in a row: (a) unlike larger institutions, we do not have the reserve fund capability to cover such deficits, (b) we are not eligible for special assistance grants from government, (c) since our status is not confirmed the government can, given clear financial cause, phase us out, amalgamate us, reduce our programme, or turn us into an extension campus of another institution."

And further:

"We have to assume that we will attract and hold, sufficient students for purposes of our continued operation; at the

same time we must be realistic enough to avoid the kind of over-projection that could lead to financial disaster."

The emphasis is mine.

And further:

"In order to survive, the college has to retrench for a two-year period and wait for better times. It will not again be viable as a three-year institution and cannot expect any further form of expansion until its first year of enrolment consists of 225-250 students. In order for this to occur there will have to be a change in the present trend of provincial university enrolment, and we will need favourable decisions from the government in regard to our affiliated status, our range of under-graduate programmes, emergent university funding, and capital funding."

Thereafter, Dr. Brown undertook a careful analysis of the financial condition of the college as it related to academic programmes. He proposed a number of stringent measures as a means of coming to grips with the conditions which he described as an imminent, "grave financial situation", including the abolition of certain offices, reductions in academic staff and major curtailment of academic and administrative services.

In parentheses, I note that I found little evidence of any adequate response being made to the proposals made by Dr. Brown in his memorandum or to the conditions described therein by either of the Board or Academic Council. Indeed, as I have indicated earlier, the college continued in an expansionist mood. The reasons for this are obscure. I have surmised that they may relate to the ambitions for the college of those associated with the college, Board and Faculty alike, and their unwillingness to accept the realities of governmental policies relating to the financing of the Ontario university system.

That the conditions detailed by Dr. Brown continued in existence throughout the term of office of Professor Guth, as Acting Principal, is evidenced by the latter's letter dated January 27th, 1975 addressed to Dr. Watkins, his successor designate.

In that letter, Professor Guth began with the facetious, but as I took it to be, friendly observation:

"Let me be the first to congratulate you (and also to commiserate with you)."

Professor Guth then said:

"....statistics on enrolment are very ominous. I suspect we will be into faculty redundancy situations next year."

After detailing highly pessimistic figures relative to enrolment and financing, Professor Guth stated the following:

"I do not know how we get around these facts. The only way is to hope for additional government funding or to raise money locally."

In this observation, Professor Guth made reference to one of the themes which were voiced many times during the public hearings, namely, that the root cause of Algoma University College's problems lay in two factors:

- a) inadequate government financing; and
- b) the lack of an appropriate organizational structure.

For the reasons to be detailed later in this report, I reject both of these contentions.

The foregoing observations serve to negate a further point which was also made frequently during the public hearings. It was that Algoma's problems surfaced coincidentally with the appearance of Dr. Watkins on the scene as Principal.

I have found this to be incorrect. The institution's problems trace back, at the very least, to the commencement of conditions described by Dr. Brown in his perceptive and responsible memorandum. It was these conditions which produced the tension, uncertainty and turmoil which one independent witness described as a "battle ground" in the fall of 1973.

Having made these observations, my central concern is to determine how these conditions could have arisen and how they might have been avoided. In so doing we may prevent a recurrence in the future.

THE RELATIONSHIP BETWEEN ALGOMA UNIVERSITY COLLEGE
AND THE MINISTRY OF COLLEGES AND UNIVERSITIES

Complaints were registered by former Acting Principal, Professor Guth, and by the Business Manager of the college, Mr. Tim Holmes, that the inadequate financing of the college operations by the government of Ontario and a lack of consistency on the part of the Ministry of Colleges and Universities were largely responsible for the difficulties experienced by the college. Indeed, on several occasions the government's policy was described as "unfair" and "inequitable" by several witnesses.

These complaints and charges require analysis.

The evidence discloses that in 1962, the original Committee on University Affairs advised representatives of Algoma Junior College Association, who had broached the subject of establishing a university in Sault Ste. Marie, that the government did not intend to establish any more free-standing universities. This statement of policy was reinforced by a declaration made by the then Premier, The Honourable John P. Robarts, and other senior officials of government.

In making such a declaration, the government stated that Laurentian University of Sudbury and Lakehead University of Thunder Bay had been designated the provincially-supported universities in Northern Ontario. The Association was urged to seek affiliation with one of them and it affiliated with Laurentian.

Despite these statements of government policy and the realities of university financing, the ambitions of the supporters of Algoma University College were such that, as recently as March last, a proposal was made by a committee of the Board of Governors that the college seek degree-conferring power, that is to say, it was proposed to seek university status.

Indeed, the adoption of the name, Algoma University College, indicated the persistence of this attitude. The use of the word "university" in the name of an educational institution is usually reserved to those holding degree-conferring powers. The Algoma governing body adopted the name despite the implied disapproval of the Department of University Affairs which, in 1967, suggested the name, Algoma College of Laurentian University.

The sharing of physical accommodation with Sault College, formerly Cambrian College, is a further case in point. Algoma College was urged, in order to conserve capital and operating costs, to develop a close liaison with the C.A.A.T. College and to share physical facilities with it so as to improve the economic feasibility of the total educational complex.

It would appear that, though some operational difficulties arose between Sault College and Algoma, the primary reason for the transfer to Shingwauk Hall was the desire of Algoma to have a separate and identifiable facility and image. Though there was no clear evidence on the point, I inferred from all the circumstances that the lease of Shingwauk was made to appear justified on the basis of expansion of the college. It soon took on the aspect of a total transfer of operations from Sault College to the new site.

Though I do not propose to undertake an extensive analysis of the wisdom of this decision, I would remark on the fact, in light of subsequent events, that the heavy investment in bricks and mortar severely limited the capacity of the college to invest in people and programmes. It also deprived it of the opportunity to share in the elaborate physical facilities of Sault College and to enjoy certain economies of scale.

In the matter of the construction of the library, I have already noted that the project was begun on land leased for a maximum term of only 15 years without an enforceable option to purchase and without approval from the government department. The wisdom of this decision must surely be questioned!

Turning to approval of academic programmes, the college was allowed to begin its academic offering upon the understanding that it would be limited to first year in General Arts in the Faculty of Laurentian University. It was understood that there would be a long period of 8 to 10 years of single-level courses. Despite this "flashing amber light", there was a "spate" of letters from concerned citizens urging the addition of second and third years immediately after the institution started in 1967.

Faculty, alleging that they had been recruited on the understanding that second and third year programmes would be offered almost immediately, lent strong support to these representations.

The Chairman on University Affairs expressed serious concern that the staffing and recruiting undertaken by the college in 1967 were not appropriate to a one-year operation. Pressure "came and went" over the next several years for expansion and in 1971, after only four years of operation, authority was given to undertake the offering of second and third year in 1971-72 and 1972-73 respectively.

It is perhaps ungracious to note that the important memorandum of Dr. Brown, dated December, 1972, was issued shortly after commencement of the full three-year programme.

More recently, the funding of the Interdisciplinary Science Programme provides a further illustration of the lack of realism which seemed to pervade all elements of the college concerning Ministry injunctions. In 1967, the college was authorized to proceed on the clear understanding that it would offer no Science programme. The reasons for this limitation appear obvious. Such programmes demand a heavy commitment of money, plant and equipment which could not then, and in light of current conditions, cannot now be justified at Algoma College,

This position was frequently stated by officials of government.

The commencement of the INSP was made upon the clear understanding with the Ministry that no capital funds would be made available to finance the programme and no increase in BIU weight would be allowed. In other words, the college undertook the programme within the resources then available to it.

The college accepted these conditions.

Yet, one year after the programme was instituted, many of its senior officials and faculty members, as well as persons within the community, complained about the unfairness and inequity of the decision which had been readily accepted only a short time earlier.

With regard to the charge that the government acted inconsistently, it is correct to say that on several occasions, notably in the case of the library construction and the Shingwauk Hall purchase, the government did, in fact, reimburse the college after the event. The college's "gamble", as President Monahan of Laurentian University characterized the policy, paid off.

It is not unfair or harsh to suggest that it ill becomes anyone to criticize the government on this account.

In analyzing the history of the college's relations with the government, I must acknowledge a strong compulsion to believe from the very outset of the college's undertakings that the Board, Faculty and significant elements of the community had determined to disregard the injunctions of the government in order to achieve their objectives. The final results were predictable to anyone exercising independent and objective judgment.

THE CLARKSON, GORDON & CO. REPORT

On April 12, 1976, I commissioned Clarkson, Gordon & Co., chartered accountants, and Woods, Gordon & Co., management consultants, to undertake a study of various matters relating to the academic and general administration of the college. Particular emphasis was given, in their terms of reference, to the costs of academic programmes.

A draft of their report was delivered to me on May 28 last and, because of its significance, I immediately made it available to officers and academic representatives of the college.

The final report was introduced in evidence on June 10 last.

The highlights of the report are summarized as follows:

- "1) the college faces a projected operating deficit in 1976-77 of \$219,000, which is \$140,000 more than its \$79,000 accumulated operating surplus at April 30, 1976, if it carries on all of its current plans.
- 2) because the Ministry of Colleges and Universities has stated there will not be an increase in the level of funding for the college, deficits in the order of \$200,000 will probably continue for some years,
- 3) in order to balance resources and costs, some programme cut-backs appear to be essential."

The report dealt with the following matters:

- 1) student market and post-secondary education in the Sault Ste. Marie region,
- 2) organization of staff,
- 3) planning and budgeting procedures,
- 4) systems and procedures,
- 5) detailed course costing,

- 6) building facilities and maintenance,
- 7) analysis of historical and projected financial information,
- 8) audit relationship.

In response to the contents of the draft report, the Board of Directors of the Corporation on June 4 last withdrew financial support for the Interdisciplinary Science programme. This action had the immediate effect of avoiding the expenditure of approximately \$70,000 of so-called free funds and the engagement of two senior faculty members.

Reluctantly, the faculty accepted this decision a short time later.

In reporting these decisions, I feel constrained to speak a word concerning the programme. Whatever may be its merits in attracting fresh students to the university, the academic persons responsible for its development, Professors Keppel-Jones and Gardiner are to be commended for their hard work and dedication. Each was, and continues to be, convinced that it can become a viable programme and will assure the long-term stability of the college. It is unfortunate that the programme should have been launched at a time when the state of severe financial exigency prevented its continuation.

The contents of the Clarkson, Gordon & Co. report proved controversial and certain aspects of it drew criticism.

Nevertheless the clear, incontrovertible picture presented in the report is that a state of extreme financial exigency exists within the college. It indicated, beyond doubt, that drastic measures must immediately be taken in order to reverse the accelerating trend toward insolvency. What these measures should be must be left to the leaders of the college

and the community, exercising their wisdom and skills in a clear-headed, responsible and realistic manner.

FREE FUNDS AND THE FINANCING
OF ANCILLARY OPERATIONS

Free funds, as distinguished from monies derived by a university from Provincial Operating Formula financing, are funds derived from grants, gifts, donations and miscellaneous income which are not earmarked for, or restricted to a specific use. They are often used by universities to finance so-called ancillary enterprises. Provincial formula funds may not be used for such purposes.

Prior to commencement of the inquiry, it was alleged that the college had improperly employed formula funds to finance scholarships, the operations of the Ahbenooje Nursery School, the Algoma Conservator of Music, to effect repairs to premises occupied by the Keewatinung Institute, and to undertake other non-approved operations.

I found these allegations to be incorrect. All of these operations were financed by employing so-called free funds and not formula funds.

Clarkson, Gordon & Co., in its review of finances, determined that at 30 April, 1975, the college had the following free funds available to it:

Municipal Grants	\$220,000
Interest	90,459
Gifts for Operating	29,450
Scholarships, Donations of 1973-75 as expended, shown in trust funds	18,843
Miscellaneous income	<u>33,204</u>
TOTAL	\$391,956

There were accretions to the foregoing during the year ended 30 April, 1976.

Though the grant from the City of Sault Ste. Marie may be considered free income, there may be considered to be certain implied restriction attached to its use. Accordingly, for the purposes of this report,

the grant will not be included in the amount of money available for application to ancillary enterprises. Thus, the sum of \$171,956 remained available at 30 April, 1975 for such purpose.

To date 30 April, 1975, the following non-approved costs were incurred:

Keewatinung Institute

(negligible) say	\$ 5,000
Ahbenooje Nursery School	6,615
Coffee Shop	4,491
Bookstore	30,040

Intercollegiate athletics

(negligible) say	3,000
Algoma Conservatory of Music	22,000
Scholarships	<u>90,183</u>
TOTAL	\$162,022

Accordingly, at 30 April, 1975, there were sufficient free funds available to cover the costs of the foregoing ancillary enterprises and such funds may be considered to have been so applied.

Though final audit figures relating to free fund income and ancillary operations expenditures for the year ended 30 April, 1976 were not available for inclusion in the Clarkson, Gordon & Co. report, it is not expected that the free fund would have been exhausted at such date.

I conclude this review by noting that although the allegations were not proved, meticulous care must be taken in the future by the college to avoid use of formula funds for ancillary operations and inordinate encroachments upon free funds for such purposes.

CERTIFICATION OF THE FACULTY ASSOCIATION
AS COLLECTIVE BARGAINING AGENT

The Algoma University College Faculty Association was certified to be the bargaining agent of all full-time academic staff of Algoma University College by order of the Ontario Labour Relations Board evidenced in a certificate issued by the Board dated the 24th day of March, 1976.

Certification of the Faculty Association as collective bargaining agent for the faculty under the provisions of the Labour Relations Act adds a new dimension to administration of the college which requires careful consideration.

Special attention must be directed to the role and function of the Board of Governors, the Academic Council the Faculty and Administrative elements of the college. These are very large questions and cannot be resolved in an atmosphere of tension and conflict.

These considerations, together with the general state of disarray within the college, further support the recommendation for immediate action contemplated by this preliminary report.

Already, a question has arisen out of the certification of the Faculty Association which has caused anxiety and concern.

In November, 1975, after application had been made by the Faculty Association for certification, the Board of Governors of the college unilaterally suspended certain academic policies. Thereafter, it authorized the Principal to serve notice upon Professors Francis Guth and Richard Bazillion that their employment as full-time members of faculty was terminated.

Professor Guth and Bazillion lodged a complaint with the Labour Relations Board under Section 79 of the Labour Relations Act alleging that the Board of Governors had acted contrary to the provisions of the Act by altering working conditions after the filing of the Application for Certification.

The correctness of the Professors' complaint was acknowledged by the Board of Governors when it subsequently notified the Labour Relations Board that the terminations had been rescinded.

Thereafter, Professors Guth and Bazillion withdrew their applications to the Labour Relations Board.

COLLEGE STAFF POLICIES

A series of staff policies have been adopted from time to time by the Academic Council and subsequently approved by the Board of Governors and/or the Board of Directors of the college and the corporation. They are as follows:

a) Support Staff Policy

The Support Staff Employment Policies of Algoma University College, contained in a memorandum dated July, 1974, were approved by the Board of Governors on July 19, 1974.

b) Policy on Promotion

The Policy on Academic Promotion, passed by the Algoma University College Faculty Association on June 18, 1974, was approved as an interim policy by the Board of Governors on July 19, 1974 until such time as the college appointed a permanent principal, for use as a basis on which to deal with applications for promotion then on hand.

c) Redundancy Policy

The Policy on the Release of Faculty Due to Financial Exigency or to Changes in Academic Programming was approved by the Board of Governors on December 19, 1974 to be reviewed prior to September 1, 1975.

d) Policy on Sabbatical Leaves

The Policy on Sabbatical Leave dated February 27, 1975 was approved by the Board of Governors on March 13, 1975.

e) Travel and Research Policy

The Travel and Research Policy dated March 19, 1975, as agreed upon by a joint committee of the Board and Faculty, was approved by the Board of Governors on July 17, 1975 for implementation for the 1975-76 college year, subject to amendment for 1976-77 based upon experience in the operation of the policy during the 1975-76 college year."

f) Policy on Tenure

The Policy on Tenure and the Committee on Academic Freedom and Tenure was approved by the Board of Governors on June 20, 1974, subject to suitable provision for reduction of staff when staff becomes redundant.

It is observed that all the foregoing policies were adopted by the Board of Governors following its creation in January, 1974. At the time of adoption, the Board enjoyed no power or authority. Although all acts of the Board of Governors, as recorded in the Minute Book of the corporation, were ratified, approved and confirmed by the Board of Directors at a meeting held on June 4th, 1976 there continues to be a question concerning the validity of the adoption of the foregoing policies.

THE POSITION OF THE PRINCIPAL

Dr. Donald Watkins was engaged as Principal by contract dated the 11th day of February, 1975. He subsequently took up his full-time duties on July 1st, 1975.

In an exchange of correspondence between Dr. Watkins and Acting Principal Guth in January and February, 1975, the seriousness of the problems facing the institution and the need for bold remedial action was clearly indicated. Dr. Watkins was appointed for such purpose and it is clear that the instructions received by him from the Board of Governors were to take stringent measures to correct the problems facing the college.

The difficulties faced by him were, in my judgment, insurmountable. On the one hand, he was instructed by the Board of Governors to take strong measures to correct the many serious financial, administrative and academic problems. On the other, he was confronted by an anxious and restive faculty who were, understandably, seriously concerned about their academic programmes and personal security.

Many of the submissions and a large amount of evidence received during the public hearings criticized the administration of the Principal. It was clear from the evidence that even before he took up his office, major differences of opinion had developed between him and certain members of the faculty. In September, 1975, two months following his appointment, the Academic Council adopted a resolution reflecting grave concern over certain aspects of Principal Watkins' administration. In April of 1976 a want of confidence motion was adopted by the Council and a recommendation sent to President Monahan of Laurentian University requesting Dr. Watkins' replacement by the Dean of Arts and Science of that institution.

I do not consider it to be a reflection upon Dr. Watkins that he was unable to discharge the mandate imposed upon him. Indeed,

I adopt the position of Commission Counsel in his summing up at the conclusion of the public hearings. He refrained from commenting upon Dr. Watkins' performance as a principal. Rather, Mr. Hull said that while the good news given Dr. Watkins upon his appointment was that he was assuming an interesting and challenging position, the bad news was that his appointment was on the Titanic.

ADMINISTRATION OF LIBRARY AND THE GENERAL OFFICE

Before proposing recommendations of a specific and interim nature, I would comment upon two elements of college administration; namely, the business office and the library. It appears clear that the office management and its procedures are well and capably undertaken by Mr. Tim Holmes, the Business Manager. The operations of the library appear to be satisfactorily undertaken by the Librarian, Professor Iain Bates. Specifically, I could find no basis for the criticism given in evidence concerning Professor Bates. Indeed, it appears that he is well regarded by his staff and has operated an efficient library whose facilities and collection are beyond those one might expect in an institution the size of Algoma University College.

THE RAJPUT CASE

Although the case of Dr. M. Akram Rajput was given wide publicity prior to institution of the inquiry, no reference was made to it in the course of the public hearings since it was under adjudication in accord with the provisions of the Ontario Human Rights Code.

In the interests of completeness, I make brief reference to it in this report.

A complaint was lodged by Dr. Rajput to the Ontario Human Rights Commission alleging discrimination in employment because of race, colour, nationality, ancestry and place of origin against the Principal and Algoma University College. The complaint arose out of the Principal and college having failed to appoint him to a position in the Department of Sociology for the academic year 1975-76.

A Board of Inquiry was established under the Chairmanship of Professor Walter S. Tarnopolsky who, on May 12, 1976, found the Principal and the college to be in breach of the Code and ordered financial compensation to be paid Dr. Rajput.

At this date, an offer of employment to the position previously advertised has been made to Dr. Rajput with the approval of the Appointments Committee of Academic Council, the Principal and the Board of Governors.

COMPLAINTS AND ALLEGATIONS

Soon after my appointment I became aware, through media reports, interviews conducted by my staff, anonymous letters and other sources, of allegations made against the Board of Directors and Board of Governors of the Corporation and the college, certain of their officers and the Principal of the college. Some of these allegations were of a generalized nature regarding the financial and general administration of the college and the corporation. Others alleged specific acts of misfeasance and nonfeasance.

The allegations included the following:

- 1) failure of the college authorities to undertake appropriate management of its financial and general administration,
- 2) the inadequacy of financial and academic planning leading to the termination of employment of certain academic persons,
- 3) the general breakdown of communication between faculty and administration,
- 4) the collapse of morale amongst faculty of the college,
- 5) the lack of responsiveness on the part of the Board of Directors and Board of Governors of the corporation and the college and their lack of accountability by reason of the nature of their composition,
- 6) the methods of operation by the Board of Directors and the Board of Governors of the corporation and the college, particularly with respect to the delegation of authority to their respective executive committees,
- 7) the arbitrary suspension of academic practices by the Board of Governors of the college and problems arising therefrom,
- 8) the failure on the part of the Board of Directors and the Board of Governors of the corporation and the college to apply for all available government grants,
- 9) the use of operating funds to support ancillary enterprises including the Algoma Conservatory of Music, the Ahbenooje Day Care Nursery and the Keewatinung Institute,
- 10) the construction of the library on short-term leasehold property,

- 11) the non-compliance by the college with the terms of the affiliation agreement between Laurentian University and Algoma College,
- 12) the use of formula funds for scholarships,
- 13) the impropriety of the incorporation of Algoma College Association and in particular, the reduction of the membership of Algoma Junior College Association following incorporation of the former body,
- 14) the establishment of the Board of Governors of Algoma University College and the delegation of authority by the Board of Directors of Algoma College Association to the Board of Governors.

I have commented upon each of the foregoing allegations elsewhere in this report. In so doing, I have found that although certain of the facts alleged were correct, they did not support the suggestion of impropriety or male fides implied by the allegations.

In all cases, I have found nothing to reflect upon the good faith of any of the persons against whom the allegations were directed.

In addition to the foregoing generalized complaints, a number of allegations relating to specific nonfeasances and misfeasances were made. These included the following:

- 1) maladministration of the faculty pension plan,
- 2) the theft of money and property from Algoma University College and the Algoma Conservatory of Music during the period from July, 1972 to May, 1974,
- 3) the failure on the part of the Board of Directors and the Board of Governors to apply for all available government grants,
- 4) the unauthorized gift of paintings to members of a government commission in the year 1972,
- 5) the misuse of monetary donations made by the City of Sault Ste. Marie to Algoma College Association,
- 6) the failure to include an appropriate dissolution clause in the Letters Patent of incorporation, to prevent distribution of assets among members upon dissolution,

7) the failure to obtain an enforceable option to purchase Shingwauk Hall in 1972, the method of determining the sale price of the property and the conflict of interest of the Chairman of the Board of Directors of Algoma College Association relating to the purchase arising out of his position as Chairman of the Anglican Diocesan Property Committee.

With regard to the foregoing allegations, I make the following findings:

1) The Pension Plan

Prior to June, 1975 Laurentian University decided to amend its pension plan for members of its faculty, which included members of the faculty of Algoma University College. The Board of Governors of the College decided to withdraw from the Laurentian plan since it could not afford to fund the changes proposed by Laurentian. The Board instructed its consultants, Peat, Marwick & Partners, to prepare a new pension plan for members of the Algoma faculty whose terms would be the same as those enjoyed by them under the Laurentian plan prior to June 30, 1975. An inordinately long delay occurred in the preparation of the new plan. The precise reasons for the delay are difficult to determine but apparently relate to the inability of the consultants to obtain required information and their own delay in dealing with it in timely fashion. In any event, questions raised by members of faculty were not answered, thus breeding suspicion and concern.

This lack of communication resulted in speculation and rumour which ultimately led, quite unnecessarily, to an investigation being undertaken by the Sault Ste. Marie police force and the Ontario Pension Commission.

Evidence introduced in the course of the public hearings indicated clearly that no loss was suffered by Algoma College faculty members in the transition from the Laurentian Plan to the new pension programme. The new

programme was completed in the course of the hearings and steps are now being taken for its implementation.

It is most unfortunate that the break-down in communication and the delays encountered in the preparation of the new plan for Algoma faculty members should have resulted in such tension, suspicion and concern. In making this observation, I must reflect criticism upon those who contribute to the lack of communication and delay. There is, however, no suggestion of impropriety or misconduct on their part.

2) Theft of Funds

Evidence disclosed that during the period commencing July, 1972 through May, 1974 approximately \$13,372.72 disappeared from the General Accounting office in Shingwauk Hall. In addition, the sum of \$3,500 was stolen from the Algoma Conservatory of Music. These incidents were investigated by the Sault Ste. Marie police force. No person or persons were identified as responsible for the losses which had been discovered by Mr. Tim Holmes upon his assumption of duties as Office Manager.

During the period in question, Mr. B. Carruthers, Treasurer of the corporation, acted as Accountant and was responsible for operations within the college business office. He also had responsibility for the accounting function in Algoma Conservatory of Music, a separate corporate entity associated with the college.

The evidence disclosed that the disappearance of the funds was attributable to several factors including the lack of adequate staff, poor security, the lack of a safe, and a multiplicity of filing cabinet keys. All of these deficiencies were attributable to an attempt upon the part of the Board of Governors to reduce expenditures or, as it was phrased in evidence, to do things, "on the cheap".

A claim was made against the corporation's insurers and approximately fifty per cent of the losses were recovered.

Since the appointment of Mr. Holmes, the Business Office has been operated in an efficient and effective manner.

I find that the foregoing losses were, in part, attributable to the decision of the Board of Directors to effect economies in the general operation of the corporation. Though I consider it to have been unwise on their part to have sought economies in so vital an area of the corporation's operations, I cannot find that this is a basis for attributing impropriety or bad faith to them. I would further observe that no personal responsibility should attach to the Treasurer who served as Accountant on a part-time basis and who was entitled to rely upon the care and efficiency of those employed by him.

3) Failure to Apply for all Available Government Grants

I found no basis whatsoever to support this allegation. To the contrary, the Board of Directors and the administration of Algoma University College pursued every avenue open to them to obtain additional funding. I dispose of this allegation by repeating the words of the Assistant Deputy Minister of Colleges and Universities who said in evidence:

"They (the college authorities) most certainly came for everything they were entitled to and there was no holding back in any way, shape or form."

4) The Unauthorized Gift of Paintings in 1972

The evidence disclosed that the gift of paintings to the value of \$556.40 by Mr. Lawrence Brown, Chairman of the Board of Directors of the corporation, in 1972 to two members of a government commission was made in partial compensation for services rendered by such persons. The gifts were in the nature of an honorarium, and the services rendered by such persons were of a value far exceeding the cost of the paintings. Though the gifts were an appropriate gesture of gratitude, I consider it would have been desirable for Mr. Brown to obtain authorization from his Board of Directors. In making this observation, I imply no suggestion of misconduct.

5) Misuse of Monetary Donations made by the City of Sault Ste. Marie

I previously referred to the grants made by the City of Sault Ste. Marie to the college in the chapter entitled, "Free Funds". A portion of the monies were used to purchase the so-called "Fourth Line Property" as a site for a future campus of the college. This property is retained in the ownership of the corporation.

The remainder of the grant is referred to in the chapter entitled, "Free Funds". There would appear to be no special requirements imposed upon the corporation in the use of these funds. In any event, they have been retained intact and presently represent a substantial asset of the college. As such they are available for the future purposes of the institution.

Accordingly, I can find no substance in the allegation that municipal grants were misused.

6) Dissolution Clause

It is customary for corporations incorporated without share capital to include provision in their Letters Patent of Incorporation for the distribution of their assets, upon dissolution, among organizations having cognate or similar objects. The effect of this provision is to avoid such assets being distributed among members of the corporation following its winding up.

Indeed, such a provision is usually a requirement for registration as a Charitable Organization by Revenue Canada under the provisions of the Income Tax Act.

It is not uncommon however that such a clause is omitted through inadvertence or oversight in the Letters Patent of Incorporation. I assume this to have been the case in the incorporation of Algoma College Association.

In any event, I propose to recommend that appropriate steps be taken to correct this matter in order to assure that, in the event of dissolution, the property and assets of the corporation will be transferred to a corporation having similar objects within Northern Ontario.

7) Shingwauk Hall

Questions were raised as to the failure of the Board of Directors of the corporation to obtain an option to purchase Shingwauk Hall in 1972, to the propriety of the purchase price of the property in 1975 and to the matter of the Chairman of the Board of Directors, Mr. Lawrence Brown, having a conflict of interest by reason of his Chairmanship of the Property Committee of the vendor.

Evidence disclosed that the corporation originally leased Shingwauk Hall for a term of ten years, subject to an option to renew for a further period of five years, commencing on the 1st day of July, 1971. The property was subsequently purchased on the 9th day of May, 1975 for the sum of \$600,000.

In a letter dated May 4, 1972 from Mr. W. Wadley, Treasurer of the Incorporated Synod of the Diocese of Algoma, to the corporation, it was indicated that the Property Committee of the Diocese would recommend to its Executive Committee that the Diocese grant to the college an option for one year to purchase the site for the sum of \$500,000. Reference was again made to an option to purchase the site for such price in a document dated May 1972 entitled, "Renovation and Capital Fund Requirements, 1971-72, 1972-73, Algoma College, Sault Ste. Marie".

No evidence was led to indicate the reason for an enforceable option not being obtained by the corporation. In any event, the period of one year expired long before any consideration was given to the purchase of the site.

An option was eventually granted to the corporation on the 22nd day of January, 1975. The price set out in this option was \$600,000. Such price was based upon an agreement between the parties based upon valuations obtained by each from qualified evaluators. The value established by the firm engaged by the Incorporated Synod was \$779,400 and that of the firm employed by the corporation was \$736,000.

The valuations appear to have been properly made. I note that the valuation prepared by the corporation's valuators specifically took into account the value of improvements made to the site by the corporation.

Since the sale price was substantially below each of the valuations, it must be assumed that the corporation was justified in paying the purchase price.

Insofar as the failure to obtain an enforceable option in 1972 is concerned, I must assume that neither party considered it appropriate to formalize the suggestion contained in Mr. Wadley's letter. In any event, since the option was to be for a term of only one year, it had no bearing upon the ultimate disposition of the property.

In passing, I note it was given in evidence that the increase in value of the property from \$500,000 to \$600,000 during the period 1972 to 1975 was attributable to increased land values in the area.

With regard to the alleged conflict of interest on the part of Mr. Lawrence Brown, I rely upon the evidence of Mr. John Stubbs who stated emphatically that Mr. Brown scrupulously avoided any involvement in the transaction from the point of view of the college. Accordingly I find that this allegation was without foundation.

In making the foregoing findings, I hope that I have cleared the air and remedied any possible damage to the reputations of the persons whose conduct was called into question. In so doing, I comment upon the unfortunate circumstance involving persons who render services gratuitously to public service organizations having their conduct called to account in this fashion. The making of public allegations of such a nature obviously tends to discourage worthy persons from offering themselves for public service.

The appropriate forum for raising such questions is the Board of Directors of the corporation and annual meetings of the members thereof.

I appreciate that a central concern to many who urged the undertaking of the inquiry, lay in the fact that the Board of Directors and Board of Governors of the association and the college and the membership of the corporation were not representative of the community. Without acknowledging the correctness of this allegation, I recognize it as a question to which I must direct my attention when recommending an appropriate structure for the corporation and for the college, so that there may be a proper vehicle for considering the questions giving rise to the allegations with which I have dealt.

GENERAL CONCLUSIONS

At the conclusion of the intensive review undertaken by my staff and the consultants engaged to assist the inquiry and upon completion of the public hearings, I make the following general comments and observations:

- a) that the staff of the college who have appeared as witnesses or who have been interviewed by the staff of the Commission, have all demonstrated a strong commitment to and concern for the college and the Sault Ste. Marie and Algoma District communities. Many, however, expressed strong disapproval of anomalous academic practices which have developed over the years;
- b) that the members of the Board of Directors, and in particular, Messrs. Brown, Hogg, Carruthers, Derby and Stubbs have served the interests of the college and the community with dedication and sincerity, at considerable personal sacrifice, and have at all times acted in good faith out of a sense of community service;
- c) that the Academic Council, established on an ad hoc basis, was correctly characterized by Professor Guth in his memorandum of the 27th day of January, 1975, as being wholly inappropriate to undertake academic planning on behalf of the college;
- d) that many persons connected with the college, including the Faculty, Administration, Governors and interested citizens have, in their enthusiasm to serve the Sault Ste. Marie and Algoma District communities, failed to take into realistic account the nature and resources of the community, and the funding available to the college;
- e) that, by reason of major defects in the structure and procedures of the college and the pressure of financial exigency upon persons, there has been a total breakdown in communication and cooperation between the several elements of the college;

f) that, Principal Watkins' position, difficult from the commencement of his term of office, has become untenable and he has, for reasons for which he may not be responsible, lost the confidence of the academic staff as Chief Executive Officer of the college.

These findings reflect the great misfortune that the considerable resources of the college and the community have not been harnessed to produce a viable institution. The present situation reflects serious problems arising from a lack of communication, a lack of coordinated planning, a failure on the part of academic and financial leadership, a lack of realism and a failure or inability to tackle the financial, administrative and academic problems of the college. Clearly, major remedial action must be taken immediately and without delay if the college is to survive, and if enormous "people" problems are to be avoided.

THE CAMERON REPORT

Dr. David Cameron of the School of Public Administration, Dalhousie University, Halifax, Nova Scotia, has been commissioned by the Ontario Economic Council to study post-secondary education in northern Ontario.

His draft report is expected to be delivered early in July, 1976.

It may contain comments and recommendations relating to the role of Algoma University College in the Ontario University system. For this reason, I consider it desirable to postpone my delivery of a final report until after Dr. Cameron's study is completed.

REASONS FOR OPTIMISM

Since commencement of the public hearings, it can be fairly said that the following have occurred:

- a) that there has been a new sense of realism injected into the college's affairs and an awareness of the enormous financial and planning problems with which the institution is faced,
- b) that there has been a positive response to the college from many elements of the community and a recognition of the need for harnessing all the resources of the community to support the affairs of the college,
- c) that a need has been recognized for the review of programmes, identification of redundancies, the introduction of economies of operation, and
- d) that the need has been recognized for undertaking short-range planning to avoid the financial collapse of the college, and for long-range planning to ensure its continued survival.

With these considerations in mind, and in recognition of the fact that the existing structure, procedures and academic and administrative bodies are unable to communicate and respond quickly and efficiently to perceived dangers, I propose that an interim trusteeship be appointed in order that it may take immediate action to assure recovery of the college from its present problems and to institute appropriate proceedings to plan for the future.

This proposal will be detailed later in this report.

TRUSTEESHIP: A TRANSITIONAL ADMINISTRATION

In light of the circumstances revealed during the inquiry, I am satisfied of the need for immediate action to assure that studies may be begun and quick action taken to restore the college to a financially and academically viable condition.

I am convinced that such action cannot be undertaken within the present structure and procedures. These would continue the existing breakdown of communications and morale, lack of responsiveness, and perpetuate the present destructive conflict and tensions within the college.

A fresh start must be made.

Accordingly, the proposals which follow contemplate the appointment of an interim administration which will commence to function immediately and continue throughout the coming academic year. It would serve for a period which should not extend beyond June 30, 1977, at which time it would conduct an orderly transfer of authority to a newly-created permanent administration.

The permanent administration, when installed, must be broadly representative of and accountable to the community. It must function within a structure which assures appropriate balancing of interests within the college and the conduct of its affairs in a cooperative and collegial manner by knowledgeable and informed persons.

However, I am satisfied that the present financial, administrative and academic crises do not permit the immediate establishment of a permanent structure and administration. For this reason, I have proposed a period of transition.

I believe that those persons within the college community and members of the public who have become knowledgeable about the

true state of affairs within the college and the need for quick remedial action, will support these conclusions and approve the proposal for a period of transition under an interim administration.

Accordingly, I am proposing the disbandment of the existing major elements of the corporation and the college; namely, the Board of Directors, the Academic Council and the Membership of the corporation for a period which should not exceed one year. In substitution for such bodies, I am proposing the appointment of a Board of Trustees in which all powers and authority relating to the affairs of the corporation and college would be vested.

I am further proposing that, during such period, the duties and powers of the principal as Chief Executive Officer of the college be transferred to the Chairman of the Board of Trustees.

I recommend that the Chairman be a person who has achieved distinction as an academic and as an administrator within the Ontario University system. I further recommend that one of the remaining members of the Board of Trustees be drawn from the tenured faculty of the college and the other from the membership of the Board of Directors or Board of Governors of the corporation and the college as such membership existed on January 9, 1976.

These persons would immediately assume administration of the college and begin the process of financial and academic planning required to restore the college to a state of balance.

In the meantime, I would propose to prepare a further report upon the findings made by me in the course of the inquiry. This report will set forth a series of guidelines relating to specific areas of concern, which may be useful to the trustees in discharging

their duties of office. This report would be submitted on or about July 31st next. I would undertake to be available to the Trustees for consultation from time to time. Toward the end of their term of office, I would consult with them to obtain their suggestions regarding the nature of the permanent structure and procedures to be instituted for the administration of the corporation and the college. Thereafter, I would prepare and submit my final report for delivery not later than June 30, 1977.

RECOMMENDATIONS

I have considered several courses of action to deal quickly and effectively with the severe problems facing Algoma University College.

These include the following:

- a) that the Lieutenant Governor make an order cancelling the Letters Patent of Algoma College Association and declaring it to be dissolved in accord with the provisions of Section 347 (1) of the Corporations Act RSO 1970 C 89, or
- b) that the Lieutenant Governor direct the Minister of Consumer and Commercial Relations to issue Supplementary Letters Patent providing for required changes in the structure of Algoma College Association and the composition of its several elements.

I consider that resort should be had to the first of these proposals only in the event of other methods resulting in failure. Dissolution of the corporation would effectively remove its management and control from the hands of the local community. The final result would involve the realization of one of the extreme possibilities referred to in the memorandum of Acting Principal Brown dated December 4, 1972; namely, the conversion of Algoma University College into an extension campus of another institution.

I would not choose to consider this proposal unless I was fully satisfied that none other could be adopted and proved effective.

I would also be reluctant to recommend the second proposal. Although it would avoid outright dissolution of the corporation, it would nevertheless imply government interference and involvement in the affairs of a university. Even though such action might be justified on the grounds of public interest, I would not wish to see it undertaken, except as a last resort. The tradition of independence and autonomy enjoyed by Ontario Universities ought not to be breached unless and until all other remedial measures

have been tried and failed. I would also comment upon the fact that it is doubtful whether, upon the authorities, the Lieutenant Governor enjoys the power to undertake such action.

In light of these considerations, I would offer a third proposal, namely, that the Lieutenant Governor-in-Council urge the Board of Directors and other elements of Algoma College Association and Algoma University College to undertake voluntarily the steps which I consider urgently necessary to restore stability to the college.

Specifically, I recommend that a request be made on behalf of the Lieutenant Governor-in-Council to the Board of Directors and members of Algoma College Association to make application to the Ministry of Consumer and Commercial Relations for the issue of Supplementary Letters Patent providing for such changes in the structure and composition of the several segments of the corporation, as are hereinafter recommended in this preliminary report.

The adoption of this course of action by the Lieutenant Governor-in-Council, rather than the others which I have proposed, would provide the leaders of Algoma University College, its Board of Directors, Principal, Faculty and Students to make a demonstration of their desire and determination to take appropriate and timely steps to restore the college to good health.

It would also permit, through voluntary action, the local community to demonstrate its capacity to retain control of the corporation and the college after completion of the transitional period which I contemplate, and which I believe is absolutely essential to the survival of the college as a viable institution.

I recommend, therefore, that the Lieutenant Governor-in-Council propose to the Board of Directors and Academic Council of Algoma College Association and Algoma University College, as a means of establishing an interim period of trusteeship for the administration of the college, that the Board of Directors immediately apply to

Her Honour, The Lieutenant Governor, for Supplementary Letters Patent to provide for the following:

- 1) that all persons who are members and Directors of the corporation as of the date of issue of the Supplementary Letters Patent, shall cease to be members and Directors,
- 2) that all persons who are members of the Academic Council of Algoma University College as of the date of issue of the Supplementary Letters Patent shall cease to be members thereof,
- 3) that the number of Directors be reduced from 15 to 3 and that a majority of the Directors constitute a quorum for the transaction of business,
- 4) that 3 persons be named by Order-in-Council as members and Directors of the corporation; one of such persons, being a person who has achieved distinction as an academic and as an administrator within the Ontario University system, to be appointed Chairman of the Board of Directors and President of the Corporation; one of such persons to be a tenured member of the Faculty of Algoma University College and the other such person to be a person who was a member of either the Board of Directors or the Board of Governors of the Algoma College Association or Algoma University College as at January 9, 1976,
- 5) that in the event of an equality of votes at any meeting of the Board of Directors, the President of the Corporation shall have a casting ballot,
- 6) that the Board of Directors shall manage the affairs of the Corporation and enjoy all powers, authority and privileges, and assume all responsibilities as are conferred upon the Board of Directors under the provisions of the Corporations Act, R.S.O. 1970 C89 as amended; provided that the Board shall be named and styled the Board of Trustees,
- 7) that the duties and powers expressly or impliedly conferred upon the Academic Council by authority of the Board of Directors, or assumed by the Academic Council by custom,

usage or otherwise, be transferred to and vested in the Board of Trustees,

- 8) that, as of the date of issue of the Supplementary Letters Patent, the office of Principal shall be declared vacant and all of the powers, duties, rights and obligations of such office shall be transferred to and shall be vested in the President of the Corporation,
- 9) that upon dissolution of the Corporation, any assets remaining after the payment and satisfaction of its debts and liabilities shall be transferred to an organization or organizations within Northern Ontario, having cognate or similar objects,
- 10) that the tenured member of faculty serving, for the time being, as a member of the Board of Trustees, be not, by virtue of such appointment, excluded from the bargaining unit described in the Certificate issued by the Ontario Labour Relations Board dated the 24th day of March, 1976 whereby Algoma University College Faculty Association was certified to be the bargaining agent of all full-time academic staff of Algoma University College,
- 11) that the resolutions adopted by the Board of Governors on the dates and relating to the matters hereinafter set forth, be ratified, approved and confirmed:
 - a) support staff employment policy - 19 July, 1974,
 - b) policy on promotion - 19 July, 1974,
 - c) policy on the release of faculty due to financial exigency or to changes in academic programming - 19 December, 1974,
 - d) policy on sabbatical leaves - 13 March, 1975
 - e) travel and research policy - 17 July, 1975
 - f) policy on tenure and the Committee on Academic Freedom and Tenure - 20 June, 1974,
- 12) that the office of Senior Consultant and Assistant to the President be established, having such duties and responsibilities as the Board of Trustees may from time to time determine,

- 13) that a body, to be known as the Advisory Council to the Board of Trustees, be established having a membership not in excess of 8 in number, to be appointed by the Board of Trustees, upon such terms and conditions, and to undertake such duties, including the proposing of policies relating to development, fund raising, alumni affairs, recruiting and outreach into the community, as the Board may determine,
- 14) that the Board of Trustees submit, from time to time, or upon request being made therefor, a report relating to the administration of the affairs of the corporation and Algoma University College to the Commissioner appointed by Order-in-Council O.C. 616/76 approved by Her Honour, the Lieutenant Governor on the 10th day of March A.D., 1976.

I would emphasize, in proposing the foregoing, that it provides for an interim and transitional administration of all aspects of the affairs of the corporation and college by a small group of competent and responsive trustees for a period terminating not later than June 30, 1977.

The composition of the Board of Trustees assures appropriate emphasis being given to academic and financial planning through the Chairman. It assures representation by both the faculty of the college and the community, as well as continuity of experience through the appointment of the remaining two members.

The small size of the Board of Trustees permits responsive and quick action to be taken to meet exigencies as they arise. The creation of the Advisory Council, to which I would expect a representative group of persons from the college and the community to be appointed, by the trustees, would provide them with advice and assistance in important areas. Finally, confirmation of the academic and support staff policies assures the maintenance of settled conditions in these important areas during the transitional period.

GUIDELINES FOR ADMINISTRATION

The recommendation for a transitional administration of Algoma College Association and Algoma University College is based upon a clearly perceived need for the immediate establishment of a responsive, knowledgeable body of persons to undertake the work which is immediately required. If these recommendations are adopted, I undertake, in a further report to be delivered on or about July 31st next, to identify areas of special concern to the Board of Trustees in the undertaking of their duties.

The further report, based upon findings of the Commission in its investigations and during the public hearings, will include the following matters:

- a) The role of the Board and faculty in governing the affairs of the college,
- b) Collegiality in a small college,
- c) The duties of the trustees,
- d) The duties of the corporation's auditors,
- e) The establishment of an audit committee,
- f) Collective bargaining and the definition of the bargaining unit,
- g) Correction of anomalous academic practices,
- h) Academic programmes,
- i) Long-term financing,
- j) Budgeting,
- k) The reduction of academic staff,
- l) The special characteristics of the faculty member in Algoma University College,
- m) The establishment of a Development and Alumni Affairs Office,
- n) Recruiting,
- o) Fund-raising,
- p) Funding of scholarships and bursaries,

- q) The future of the Algoma Conservatory of Music,
- r) The future of Ahbenooje Day Care Nursery,
- s) Relationships with other academic, cultural and social institutions,
- t) The duties of the faculty in furthering the Outreach Programme of the college,
- u) The organization of an Academic Council, its procedures and composition,
- v) The future of Algoma University College having particular regard to the special characteristics of Sault Ste. Marie and the District of Algoma,
- w) Relations with Laurentian University and the nature of the affiliation agreement.

The foregoing report would contain, as indicated, a series of guidelines which would not be binding upon the Board of Trustees. Such guidelines might, however, be useful to them in the undertaking of their duties.

It would include, as well, reference to any matters not fully dealt with in this preliminary report.

I would expect that the Board of Trustees would continue to serve throughout the academic year 1976-77, but in no event beyond June 30, 1977. During their term of office, they will gain certain insights and experience which will be of assistance to me in the preparation of a final report dealing with structures and procedures within the college. Such report, as indicated, would be submitted by me not later than June 30, 1977.

CONCLUSION TO INTERIM REPORT

I firmly believe that the recommendation for an interim trusteeship provides an opportunity to Algoma University College for survival. It is important however, that the enthusiasm and energies of all elements of the Sault Ste. Marie and Algoma District communities be harnessed to provide their full support to the college.

In the event that the foregoing recommendations are adopted, I would request authority to employ members of my staff from time to time in order that they may assist me in the preparation of the final report.

In concluding this interim report, I would comment upon the helpfulness of C. Terrence Murphy, Q.C. and Mrs. Anne MacGregor in furthering the conduct of the inquiries and assuring that full disclosure was made of all matters relevant to the terms of reference. In particular, I am grateful to Mr. Murphy for his avoidance of certain negative elements of the adversarial system despite, on occasion, strong provocation. His forebearance contributed much to maintaining the dignity and efficiency of the Commission.

I would also warmly commend those organizations and individuals who submitted briefs to me. Though at times, as I indicated in the course of the hearings, some tended toward overstatement and on occasion, reflected somewhat unfairly upon groups and individuals, the submissions were helpful and constructive. I recognize that the tensions generated during the many months preceding the inquiry produced these tendencies toward overstatement. In each case, I took such factors into account in making my assessment of the worth of the material and the weight to be given to it.

My findings with regard to the good faith and dedication of all persons concerned, including the Board of Directors, the Board of Governors, the Principal, members of Faculty, Students and Administrative Staff reflect my response.

I would also take particular note of the several spokespersons and observers for interested groups who attended throughout the public hearings. I am sure that their attendances were made at no small cost to themselves in terms of time and personal convenience. In all cases, they were very helpful and greatly assisted my staff and myself.

In conclusion, I record my special thanks and commendation to my staff, Mr. Hull, Mr. Keller, Ms. Meanwell, Ms. Skinner and Mr. Read. The acceleration of our work imposed a heavy burden upon them. They responded with good humour and high professional competence.

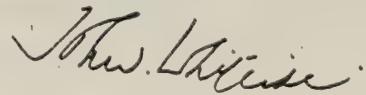
In particular, I would commend Mr. Hull for the extra effort put forward in order to assure a full exposition of all matters of concern to interested groups. He, Mr. Keller, and Ms. Meanwell conducted many interviews with persons in the course of the hearings in order to assure the complete satisfaction of such persons with the conduct of the inquiry. Many spokespersons for these groups have expressed their gratitude and satisfaction. I join with them in expressing my personal thanks.

I conclude by remarking that any deficiencies in the conduct of the inquiry or in the nature of the investigation undertaken are the sole responsibility of myself and ought not to be attributed to any member of my staff.

I await such further instructions as you may wish to issue to me, if you consider that I can continue to perform a useful service to Algoma University College.

Dated at Sault Ste. Marie, Ontario, this 30th day of June, 1976.

All of which is respectfully submitted,



30 June, 1976

Commissioner

APPENDIX A

STAFF OF COMMISSION

Commissioner	Professor J.W. Whiteside, Q.C.
Commission Counsel	Mr. Rodney Hull, Q.C.
Registrar	Mr. Anthony Keller, LL.B.
Assistant Registrar	Ms. Catherine Meanwell, LL.B.
Secretary	Ms. Marianne Skinner
Accountant	Mr. Duncan Read, M.E.d.

APPENDIX B

APPEARANCES - 7 MAY, 1976

Algoma College Association	- Counsel, C. Terrence Murphy, Q.C.
Algoma University College Academic Council	- Chairman, Mr. Gerry Luxton - Secretary, Mr. Iain Bates
Committee of Concerned Citizens for Algoma University College	- Interim Chairman, Mr. Richard Lebreux - Interim Secretary, Ms. Frances Paskins - Mr. Ron Irwin
Sister Catherine Paul	
Ms. Mary Adams Bone	- Professor
Algoma College Library Support Staff	- Representative, Ms. Teresa Sikorski
Ms. Teresa Sikorski	
Algoma University College Alumni Association Executive	- President, Ms. Joyce Gardiner
Canadian Association of University Teachers, (C.A.U.T.)	- represented by Professor Ken McLarty
Ontario Confederation of University Faculty Associations (O.C.U.F.A.)	- represented by Professor Ken McLarty
Algoma University College Faculty Association	- President, Dr. Lloyd Bannerman
Francis R. Guth	- Professor, represented by Dr. L. Bannerman
Algoma College Support Staff	- Representative, Ms. Charlotte Graham
Teachers' Action Committee of Sault Ste. Marie	- Mr. Larry French, representing President, Mr. L.A. Knapp
Dr. James Hartman	- former professor
Ms. Mercedes Steedman	- former professor, represented by Professor Donald Jackson

APPENDIX C

WRITTEN SUBMISSIONS

S-1	Francis R. Guth	7 May, 1976
S-1A	Francis R. Guth	
S-1B	Francis R. Guth	10 June, 1976
S-2	Dr. Donald Watkins, Principal	7 May, 1976
S-3	Ms. Teresa Sikorski	7 May, 1976
S-4	Algoma College Library Support Staff	7 May, 1976
S-5	Ms. Mary Adams Bone	5 May, 1976
S-6	Dr. James B. Hartman	7 May, 1976
S-7	Algoma University College Alumni Association Executive	7 May, 1976
S-8	Mr. Ron Irwin - Brief on Constitution	7 May, 1976
S-9	Sister Catherine Paul	7 May, 1976
S-9A	Sister Catherine Paul	7 May, 1976
S-9B	Sister Catherine Paul - Final Submission	16 June, 1976
S-10A	Committee of Concerned Citizens for A.U.C.	7 May, 1976
S-10B	Committee of Concerned Citizens for A.U.C. - Petitions	7 May, 1976
S-11	Algoma University College Faculty Association	10 May, 1976
S-12	Teachers' Action Committee of Sault Ste. Marie	
S-13A	Algoma University College Academic Council - Brief	May, 1976
S-13B	Algoma University College Academic Council - Documents	
S-14	M. Steedman	14 May, 1976
S-15	Wm. Hogg - Brief Resume, 1959-1965	7 May, 1976
S-16	Canadian Association of University Teachers	16 May, 1976

S-17	Keewatinung Institute	May, 1976
S-18	Ontario Confederation of University Faculty Associations	20 May, 1976
S-19	Clarkson, Gordon and Co., Brief - First Draft	28 May, 1976
S-20	Ahbenooje Nursery	7 June, 1976
S-21	Lawrence Brown	14 June, 1976
S-22	Interdisciplinary Science	

APPENDIX D

LIST OF WITNESSES IN ORDER OF APPEARANCE

7 May, 1976	Gerald Luxton
	Basil L. Carruthers
	Mrs. Anne MacGregor
	Dr. Lloyd Bannerman
	William Hogg
	Charlotte Graham
17 May, 1976	R.S. Derby
18 May, 1976	John Stubbs
	James B. Hartman
	Ronald Irwin
19 May, 1976	Dr. Donald Watkins
20 May, 1976	Dr. Donald Watkins
21 May, 1976	Dr. Donald Watkins
25 May, 1976	Dr. Donald Watkins
	Dr. Victor Sim
26 May, 1976	Dr. E.J. Monahan
	Dr. Victor Sim
27 May, 1976	Benson Wilson
	Dr. Donald Watkins
28 May, 1976	Gerald Luxton
	Ms. Teresa Sikorski

7 June, 1976 Professor F.R. Guth

9 June, 1976 Sister Catherine Paul
Michael Hooper
Mrs. Frances Paskins

10 June, 1976 H.F. Colin Graham
Larry French
Mrs. Joyce Gardiner
Ms. Germaine Trudeau

15 June, 1976 John Stubbs

16 June, 1976

Tim Holmes

Professor Iain Bates

Dr. Victor Sim

Dr. Donald Watkins

Sister Catherine Paul

Mrs. Frances Paskins

Father Brian Higgins

APPENDIX E

EXHIBITS

- - 1 Order in Council
- 2 Newspaper Notices
- 3 Title Documents
- 4 Annual Returns
- 5 Ontario Council on University Affairs - Advisory Memo
- 6 Nipissing College
- 7a Academic Council: Constitution, By-laws, Minutes 1974-1976
- 7b Academic Council: Minutes 1967-1974
- 8 Financial Statements
- 9 Board of Governors, Board of Directors - Minutes, etc.
- 10 Faculty Association - Minutes
- 11 Finance Committee - Minutes
- 12 Library Support Staff - Minutes
- 13 Enrolments
- 14 Proposed Constitution - Returned
- 15 Watkins' Contract with Board of Governors
- 16 Faculty Contract.- Bohac
- 17 Watkins' Organizational Chart
- 18 Kates Peat Report
- 19 Monahan Letter to Watkins - 20 February, 1976
- 20 Watkins Letter to Monahan - 26 February, 1976
- 21 Watkins Letter to Dupré - 9 March, 1976
- 22 Dupré Letter to Watkins - 25 March, 1976
- 23 Faculty Association - Non-Confidence Motion - 5 December, 1975
- 24 Memo - Watkins to Bazillion - 19 September, 1975
- 25 Luxton Letter to Bannerman re Non-Confidence - 5 April, 1976
- 26 Watkins - Academic Council Exchange re Monahan Letter -
March - April 1976
- 27 Watkins Letter to Bates - 22 April, 1976
- 28 A.U.C. Staff Policies

29 Watkins Letter to Monahan - 15 March, 1976
30 Holmes Memo to President, A.U.C.F.A. - 29 September, 1975
31 Watkins Letter to Dogterom - 11 December, 1975
32 Dogterom Letter to Holmes - 19 February, 1976
33 A.U.C.F.A. Letter to Watkins re Faculty Salaries - 7 October, 1975
34 Watkins Curriculum Vitae prepared by Peat, Marwick
35 Advertisement for INSC Position, with reply Bohac - 9 May, 1975
36 Watkins Letter to Guth - 2 February, 1975
37 Watkins Memo to Faculty re Enrolments - 15 October, 1975
38 Watkins Letter to Guth - 21 January, 1976
39 Watkins Memo to Faculty Members re Meeting - 5 May, 1975
40 Faculty Association Presidents
41 C.A.U.T. Handbook
42 Chronology A.U.C.
43 Senate Material on A.U.C.
44 Wright Memo - 1967
45 Wright Report to Davis - 8 March, 1968
46 Davis Letter to Mullins - 4 March, 1969
47 White Letter to L. Brown - 5 April, 1971
48 Laurentian Senate Approval of INSC - 13 June, 1974
49 Monahan Letter to Watkins re INSC - 26 August, 1975
50 Monahan Letter to Watkins re INSC - 5 March, 1976
51 Monahan Letter to Watkins re 20 February, 1976 Letter - 19 March, 1976
52 Monahan Comments re C.O.P.S.E. Report - 3 August, 1972
53 Laurentian Senate Motion re INSC - March 1976
54 Projected Enrolments - A.U.C. - 6 November, 1975
55 A.U.C. Submission to C.U.A. - 14 December, 1970
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57 Watkins to Hennessy re Withdrawal from Pension Plan - 3 October, 1975
58 Monahan to Hennessy re Pension Plan - 7 October, 1975
59 Menard to Hennessy re Pension Plan - 7 October, 1975
60 Hennessy to Segal re Pension Plan - 7 October, 1975

61 Mesterhazy to Nimmock re Pension Plan - 20 October, 1975

62 Hennessy to Holmes - Telegram re Pension Plan - 12 December, 1975

63 Segal Letter to Holmes re Pension Plan - 18 February, 1976

64 Laurentian Draft Resolution re Distribution of Algoma Assets - 20 May, 1976

65 Wright Report - Model of Development - 21 January, 1969

66 C.O.P.S.E. Report - 1972

67 Gordon Letter to Monahan re Capital Funds for Library - 18 September, 1973

68 Cooper Appraisal of Rectory - 5 April, 1974

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70 General Appraisal of Canada Appraisal, Shingwauk - 4 April, 1974

71 Submission to Auld re Acquisition of Shingwauk

72 Auld to Brown re Offer of \$500,000 - 21 February, 1975

73 Brown to Auld re Accepting \$500,000 - 28 February, 1975

74 Auld to Stubbs re \$500,000 - 27 March, 1975

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77 Algoma College - Renovations and Capital Fund Requirements - May 1972

78 Newsweek - p. 74 - 10 May, 1976

79 W. Wadley to Algoma College Association - 4 May, 1972

80 Memo - Ian Brown to Budget Committee, Academic Council - 4 December, 1972

80a Letter - Ian Brown to A.U.C. Faculty Association - 8 January, 1973

81 L. Brown to Anglican Diocese Property Committee - 25 January, 1972

82 Guth to McBain Cameron re Option - 21 January, 1974

83 Budget Committee, Academic Council to Ian Brown

83a Ian Brown to Budget Committee, Academic Council - 11 January, 1973

83b Ian Brown to Finance Committee, Board of Governors - 2 April, 1973

84 Minority Budget Report

85 Proposed Curriculum and Staffing Levels, 1975-76 - 14 January, 1976

86 A.U.C. Enrolment Figures, 1974-75 - 17 October, 1974

1974

87 A.U.C. Enrolment, 1975-76

88 Memo - Dogterom to Adams - 7 April, 1975

89 Letter - Dogterom to Carruthers - 11 April, 1975

90 Letter - Longhurst to Carruthers - 29 October, 1975

91 Memo - Longhurst to File re A.U.C. - 29 October, 1975

92 Letter - Mesterhazy to Bazillion - enclosure - 30 January, 1976

93 Letter - Segal to Dogterom - 14 May, 1976

94 Letter - Longhurst to Segal - 27 May, 1976

95 Draft Agreement - Laurentian and Algoma - 14 May, 1976

96 Pension Plan - Employees of A.U.C.

97 Timetable - Terry Brown - 27 May, 1976

98 Letter - Hooper to Carruthers - 5 August, 1975

99 Letter - Hooper to Carruthers with comments - 5 August, 1975

100 Financial Draft Statements - M.A. Hooper - covering letter - 2 June, 1976

101 Memo - H.F.C. Graham to File re Algoma College - 1 June, 1976

102 Cheque - Statement - Walz Art Gallery (\$556.50) - 17 Nov., 1972

103 Report of Cash Loss - Holmes - March, 1976

104 Holmes to Stubbs - Report of Cash Loss - Memo - 11 March, 1976

105 Management Letters - 1967- 1972

106 Mercantile Insurance Policy - 1974 - 1975

107 Legal Fees - 1 May, 1972 - 30 April, 1976

108 Letter - Paskins to L. Brown and Memo - 1 June, 1976

109 Constitution for Algoma Junior College Association

110 Clarkson Gordon Report - C. Graham - 10 June, 1976

111 City Donations to Algoma College - 2 Letters and Resolution

112 McCutcheon corrections to Clarkson Table V-1

113 Cultural Facilities Study - March 1975

114 Sault Housing Development Study - June 1974

115 Survey, Economic Data, Economic Development Studies

116 Algoma Conservatory of Music - Documents

117 Calendar - Algoma College - 1976 - 1977

- 118 Option to Purchase - Shingwauk Hall - January, 1975
- 119 Faculty Policies re Minutes of Withdrawal of Support -
20 October, 1975- Feb., 1976
- 120 Carleton University Collective Agreement - 11 December, 1975
- 121 Notre Dame University Collective Agreement - 6 November, 1975
- 122 Correspondence to Royal Commission
- 123 Memo - F.R. Guth to Board of Governors - 27 January, 1975
- 124 Telegram - Ted Blachar to F. Paskins - 9 June, 1976
- 125 Medical Report re Lawrence Brown - 11 June, 1976
- 126 Petition to John Whiteside re Iain Bates - 29 April, 1976
- 127 Certification Documents - A.U.C.F.A.
- 128 Watkins Letter to Bazillion - 21 January, 1976
- 129 Guth Letter to Watkins - 5 February, 1976
- 130 "Algoma College Faculty Condemns Dismissals" - Sault Star -
27 January, 1976
- 131 "Contractual Collegiality" and Collective Bargaining Articles
- 132 Ontario Labour Relations Act (s. 79) - Documents
- 133 Guth to Bazillion - 18 April, 1975
- 134 Watkins to Bazillion - 17 September, 1975

PAST ENROLLMENTS (1)	FULL - TIME						PART - TIME			GRAND TOTAL
	ARTS	SC	INSC.	TOTAL	15	55	F/H	TOT.	FTE.	
1957-58	77	77	—	—	462	462	(6)	77	154	
1958-59	89	19	108	108	—	284	742	1026	(6)	171
1959-70	130	11	141	—	683	940	1623	(6)	270.5	411.5
1970-71	211	13	224	—	802	1272	2074	(6)	345.6	569.6
1971-72	191	11	329	—	724	1072.5	1796.5	(6)	299.4	628.4
1972-73	156	20	295	—	709	935	1644	(5.5)	298.9	594.5
1973-74	117	14	271	19	673.5	987	1679.5	(5)	335.9	606.9
1974-75	96	8	224	477	529	844.5	1850.5	(5)	370.1	594.1
1975-76	94	3	223	468.5	401	802.5	1672	(5)	334.4	557.4
APPENDIX F										
PROJECTIONS (2)										
1976-77	90	70	45	5	15	8	233	450	425	800
1977-78	90	75	45	5	15	10	5	245	425	425
1978-79	95	75	50	5	15	10	5	255	425	400
1979-80	100	75	55	5	15	10	5	265	400	400
1980-81	105	80	55	5	15	12	8	280	400	400

(1) as reported to the Provincial Government for grant purposes (as of December 1, for each year).
 (2) as reported to Provincial Government for Capital and Budget Planning purposes (January 13, 1976).

EXHIBIT NO. 13
 ROYAL COMMUNION HIGH
 SCHOOL

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